



Norman H. Bangerter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

December 4, 1991

CERTIFIED RETURN RECEIPT
P 074 978 828

Mr. Dennis Rhine
Interpace Industries, Inc.
735 West Harrisville Road
Ogden, Utah 84404

Dear Mr. Rhine:

Re: Outstanding Reclamation Sureties, Interpace Industries, Inc., Pleasantview Mine, M/057/003, Weber County, and Clinton Pit, M/049/006, Utah County, Utah

The Division and Interpace have been working toward resolving the matter of outstanding reclamation sureties for the two mine sites mentioned above since early fall of this year. Interpace performed some reclamation at the Clinton site in 1989 and recently performed some regrading work at the Pleasantview site. Division staff have inspected the Clinton reclamation and found the 17 acre revegetation efforts to be successful. The regrading work of the entire Pleasantview site was recently inspected by the Division and was also found to be acceptable.

Taking these reclamation efforts into consideration, the Division has adjusted the reclamation surety estimates for these two sites. The adjusted reclamation surety estimate (copy attached) for both sites gives a combined total of \$51,500 in 1997 dollars. During previous meetings you indicated that Interpace was becoming a smaller company with all operations based in Utah and a total reclamation surety of \$25,000 would be preferred. While this latest estimate is not that low, it is substantially lower than the first reclamation estimate of \$80,000 (1989 dollars).

At this time, the Division requests that Interpace provide an acceptable form of reclamation surety for the Pleasantview and Clinton mine sites in the amount of \$51,500, within 60 days of receipt of this letter. A Reclamation Contract for each mine site will also be required. A Reclamation Contract form and instruction sheet are

Page 2
Interpace Industries, Inc.
December 4, 1991
M/057/003 and M/049/006

enclosed for your use. Please contact the Division if you do not have the appropriate surety forms. You may contact me or Tony Gallegos of the Minerals staff if you have any questions or concerns regarding this matter.

Sincerely,

A handwritten signature in cursive script that reads "D. Wayne Hedberg". The signature is written in dark ink and is positioned above the printed name and title.

D. Wayne Hedberg
Minerals Permitting Supervisor

aag/jb
Attachment
cc: Lowell Braxton, DOGM
Tony Gallegos, DOGM
M057003.1

SURETY ESTIMATE UPDATE

draft

Interpace Industries

Clinton Pit

M/049/006

Utah County

Pleasantview Mine

M/057/003

Weber County

Prepared by Utah Division of Oil, Gas & Mining

Last Update

November 26, 1991

DESCRIPTION:

- Clinton estimate reduced in 1989 to \$46,880 (1989-\$) for regrading work
- DOGM inspection of 9/20/91 found successful revegetation at the site
- Successful revege reduces amount by \$4,114 => \$42,766 (1989-\$)
- Pleasantview estimate calculated in 1988 was \$24,860 (1988-\$)
- DOGM inspection of 11/22/91 found acceptable regrading of entire site
- Regrading work reduces amount by \$21,505 => \$3,355 (1988-\$)
- Bring both estimates up to 1991 dollars and project 5 years forward
- Since it will be 1992 when the Board reviews this, escalate to 1997-\$
- Escalation factors through 1990 are actual Means Historical Cost Indices
- Clinton disturbance = 26.1 acres; Pleasantview disturbance = 12 acres

CALCULATIONS	YR	ESCAL FACTOR	CLINTON AMOUNT	PLEASANTV. AMOUNT
$F = P(1 + i)^{**n}$				
	1988	0.0181	\$0	\$3,355
F = Future Sum	1989	0.0177	\$42,766	\$3,414
P = Present Sum	1990	0.0077	\$43,095	\$3,441
i = Escalation Factor	1991	0.0145	\$43,720	\$3,491
n = number of periods	1992	0.0145	\$44,354	\$3,541
	1993	0.0145	\$44,997	\$3,593
Three Yr Average = 1.45	1994	0.0145	\$45,650	\$3,645
Used to Project 5 Yrs	1995	0.0145	\$46,312	\$3,697
Into the Future	1996	0.0145	\$46,983	\$3,751
	1997	0.0145	\$47,664	\$3,805

Combined total for both sites	\$51,470
-------------------------------	----------

Updated Surety Amount Rounded (1997-\$)	<u>\$51,500</u>
-----------------------------------------	-----------------

--Clinton Avg. cost per acre =	\$1,826
--------------------------------	---------

--Pleasantview Avg. cost per acre =	\$317
-------------------------------------	-------